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Oilseeds and Products

Annual

2002

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Report Highlights:
Projection for new crop soybeans continues at a record 42.5 MMT from expanded area and excellent. Cottonseed has been reduced due to lower area and yield expectations. Out year forecast is for additional crop area for both soybeans and cotton, but slightly lower soybean yields. 2002/03 exports of soybeans and products to increase due to larger crop and higher crush. Local tax structure continues to support soybean exports over products. Resolution of the transgenic issue continues in the court. Infrastructure continues to be developed.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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EXECUTIVE SUMMARY

New crop (2001/02 – marketing year (MY) 2002/03) oilseed production – soybeans and cottonseed – is projected at a record 43.6 million metric tons (MMT). Increased soybean area, good crop management and overall favorable weather are responsible for the increase over last season. New crop soybean area expanded largely due to favorable domestic prices during the planning period, relative to alternative crops. Prospects for the 2002 soybean harvest are very favorable, despite negative yield-impacting weather issues in Rio Grande do Sul and Mato Grosso. The wet weather in the dominant cotton producing state of Mato Grosso is also expected to reduce new crop cotton average yields.

The forecast for the 2002/03 crop, which will be planted in late 2002, at 43.2 MMT, incorporates additional soybean area, with slightly lower soybean yields, and additional cotton output due to increased planted area. The upward trend in soybean area is expected to continue, particularly in the state of Mato Grosso, as acceptable domestic soybean prices, a favorable producer financial situation and continued application of technology present factors to support another strong planting season.

The general outlook for soybean production is for upward trending average yields as planted area in the new agricultural expansion regions of the North, Northeast and Center-west (CW) states, where higher average yields are realized. With abundant land suitable for large scale, mechanized production yet to be opened, and generally favorable weather conditions, any supporting factor, such as improved international prices or new investment in the Brazilian transportation system, can be expected to result in additional crop area.

Production financing continues fundamental to future development in domestic oilseed production. Brazilian government (GOB) production financing plays only a minimal role in the oilseed sector, particularly in the newer regions. The soybean processors, exporters and input suppliers provide the bulk of production financing received by those large farmers.

The GOB has adopted an aggressive public position against the U.S. farm support programs for soybeans and cotton, claiming damage to Brazilian farmers resulted from increasing U.S. program spending. Comments from GOB officials indicate their intention to implement an action at the World Trade Organization (WTO). The GOB position appears to have wide producer and industry support.

The outlook for the domestic soybean crush is for little fundamental change. The domestic tax situation continues to favor the export of soybeans over domestic processing for the export of soybean meal and oil. This is not anticipated to change in the foreseeable future.

Meal demand is driving the processing sector, oil being the "residual" product. International demand for meal has had an apparent positive effect on export sales. Domestic oil consumption is projected to move in line with population growth, with soybean oil the dominant Brazilian cooking oil.

The transgenic issue in Brazil continues with the court. While Brazilian exporters market Brazilian production as non-transgenic, it is widely noted that a reported 70 percent of the Rio Grande do Sul crop may be planted with transgenic

varieties.

I. SITUATION AND OUTLOOK

Agricultural Trade Office/São Paulo (ATO/SP) projects new crop (2001/02 – MY 2002/03 (Feb-Jan)) oilseed production – soybeans and cottonseed – at a record 43.6 MMT. Increased soybean area, good crop management and overall favorable weather are responsible for the 8 percent increase over last season. While this report focuses on the major oilseed crops, Brazil also produces sunseed, canola and palm oil in small quantities. Corn is produced in significant quantities in Brazil, with little going into vegetable oil production. Soybean, the dominant oilseed crop, accounts for more than 97 percent of the total oilseed production in this analysis. The remainder is cottonseed.

New crop soybean area increased over last season due to favorable domestic prices during the planning period, resulting from improved Chicago prices early in 2001 coupled with a further devaluation of the local currency, the Real (R$). During that time, there was also a reported decline in international prices for fertilizer inputs. While prices subsequently weakened, producers were reported in a good financial condition, having capitalized on the earlier price situation to forward sell a larger portion of their crop, using the added resources to further expand planted area. Concurrently, weak corn and cotton prices provided additional emphasis toward increasing soybean planting.

Prospects for the 2002 soybean harvest are very favorable, despite negative yield-impacting weather issues in Rio Grande do Sul and Mato Grosso. The state of Paraná and other areas report generally good conditions thus far in the production cycle. Overall, the level of input use has continued at levels deemed very acceptable by cooperative and supply company technical sources. The use of shorter season varieties is also expanding, increasing new crop availability earlier in the year and facilitating the planting of second crop corn in many areas. The results are expectations for very good yields this season and a view toward a strong start for the out year.

The wet weather in the dominant cotton producing state of Mato Grosso is also expected to reduce new crop cotton average yields.

The forecast for the 2002/03 crop (MY 2003/04), which will be planted in late 2002, at 43.2 MMT, incorporates additional soybean area, with slightly lower soybean yields, and additional cotton output due to increased planted area. The upward trend in soybean area is expected to continue, particularly in the state of Mato Grosso, as acceptable domestic soybean prices, a favorable producer financial situation and continued application of technology present factors to support another strong planting season. Cotton area is also forecast to recover slightly from this season's decline due to the trade expectation for some improvement in local prices. The impact of out year corn planting will depend on corn prices later this marketing year, and will influence final soybean planting intentions.

The ATO/SP estimate of the 2000/01 oilseed crop was reduced slightly based on revision of cottonseed production. Post holds the soybean estimate unchanged. Information from local contacts indicate that early new crop soybeans, crushed in January, may have been picked up in the 2001/02 crush cycle and attributed to old crop. ATO/SP, in considering the situation, reduced MY 2001/02 ending stocks, which are said to have been much below normal levels.

The general outlook for soybean production is for upward trending average yields as planted area in the new agricultural expansion regions of the North, Northeast and Center-west states, where higher average yields are realized, continues. With abundant land suitable for large scale, mechanized production yet to be opened, and generally

favorable weather conditions, any supporting factor, such as improved international prices or new investment in the Brazilian transportation system, can be expected to result in additional crop area. There remain, however, significant distance and infrastructure challenges to be addressed (See Total Oilseeds, Marketing, Infrastructure).

Production financing continues fundamental to future development in domestic oilseed production. GOB production financing plays only a minimal role in the oilseed sector, particularly in the newer, higher yielding regions. There, farms are generally too large to gain significant GOB assistance. The soybean processors, exporters and input suppliers provide the bulk of production financing received by those farmers. For soybeans, export avenues continue an active topic for attention.

The GOB has taken an aggressive public position against the U.S. farm support programs for soybeans and cotton, claiming damage to Brazilian farmers resulted from increasing U.S. program spending. Comments from GOB officials indicate their intention to implement an action at the WTO. The GOB position appears to have wide producer and industry support.

The outlook for the domestic soybean crush is for little fundamental change, supposing some adjustment based on crop size. The domestic tax situation favors the export of soybeans over domestic processing for the export of soybean meal and oil. This is not anticipated to change in the foreseeable future and data since 1996 appears to support the impact of the tax situation on soybean complex exports (See Total Oilseeds, Policy Interstate Movement Tax ...). Meal and oil output will move in line with the crush.

Meal demand is driving the processing sector, oil being the "residual" product. International demand for meal, due to the BSE (mad cow disease) situation, has had an apparent positive effect on export sales. Concurrently, the AFTOSA situation in Europe and Argentina appears to have had a positive impact on local demand for oil meals as demand for Brazilian poultry and pork increased. Domestic oil consumption is projected to move in line with population growth. Soybean oil continues to dominate the Brazilian cooking oil market.

The transgenic issue in Brazil continues with the courts. While Brazilian exporters market Brazilian production as non-transgenic, it is widely noted that a reported 70 percent of the Rio Grande do Sul crop may be planted with transgenic varieties, and the movement of the technology to more northern areas is mentioned (See Total Oilseeds, Policy, Transgenics).

Cotton area is expected to increase next season after a significant drop this crop. Low returns, relative to those realized with soybeans, is given as the main reason for the decline. Trade sources, while expecting an increase in area next season, do not anticipate a major return to cotton planting as traditional producers are said to have begun a crop rotation process to rebuild soils.

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II. STATISTICAL TABLES

A. PRODUCTION, SUPPLY & DEMAND TABLES

Total Oilseeds	2000		2001		2002	
	OLD	NEW	OLD	NEW	OLD	NEW
Market Year Begin	(2001)		(2002)		(2003)	
Area Planted	14,705	14,828	16,580	16,415	0	16,800
Area Harvested	14,870	14,823	16,415	16,415	0	16,750
Beginning Stocks	600	600	510	243	700	553
Production	40,326	40,275	43,770	43,625	0	43,175
MY Imports	900	860	900	850	0	900
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	41,826	41,735	45,180	44,718	700	44,628
MY Exports	15,600	15,530	17,835	17,600	0	17,500
MY Exp. to the EC	8,000	9,511	0	10,000	0	10,000
Crush Dom. Consumption	23,850	24,115	24,760	24,680	0	24,625
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Seed Waste Dm.Cn.	1,866	1,847	1,885	1,885	0	1,910
Total Dom. Consumption	25,716	25,962	26,645	26,565	0	26,535
Ending Stocks	510	243	700	553	700	593
TOTAL DISTRIBUTION	41,826	41,735	45,180	44,718	700	44,628
Calendar Year Imports	900	855	0	850	0	900
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	15,700	15,683	0	17,500	0	17,500
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Total Meal	2000		2001		2002	
	OLD	NEW	OLD	NEW	OLD	NEW
Market Year Begin	(2001)		(2002)		(2003)	
Crush	23,850	24,115	24,760	24,680	0	24,625
Extr. Rate	N/A	N/A	N/A	N/A	N/A	N/A
Beginning Stocks	415	415	397	140	405	190
Production	18,462	18,515	19,225	19,210	0	19,155
MY Imports	185	224	105	105	0	105
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	19,062	19,154	19,727	19,455	405	19,450
MY Exports	10,450	10,800	11,017	11,025	0	10,750
MY Exp. to the EC	7,900	9,500	7,800	9,500	0	9,500
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	8,215	8,214	8,305	8,240	0	8,560
Total Dom. Consumption	8,215	8,214	8,305	8,240	0	8,560
Ending Stocks	397	140	405	190	405	140
TOTAL DISTRIBUTION	19,062	19,154	19,727	19,455	405	19,450
Calendar Year Imports	0	243	0	105	0	105
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	11,289	0	11,000	0	10,750
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Total Oil	2000		2001		2002	
	OLD	NEW	OLD	NEW	OLD	NEW
Market Year Begin	(2001)		(2002)		(2003)	
Crush	23,850	24,115	24,760	24,680	0	24,625
Extr. Rate	N/A	N/A	N/A	N/A	N/A	N/A
Beginning Stocks	210	210	244	81	249	111
Production	4,429	4,564	4,648	4,662	0	4,650
MY Imports	260	88	310	155	0	155
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	4,899	4,862	5,202	4,898	249	4,916
MY Exports	1,485	1,666	1,596	1,620	0	1,520
MY Exp. to the EC	26	14	1	25	0	25
Industrial Dom. Consum	267	257	267	267	0	270
Food Use Dom. Consump.	2,903	2,858	3,090	2,900	0	2,980
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	3,170	3,115	3,357	3,167	0	3,250
Ending Stocks	244	81	249	111	249	146
TOTAL DISTRIBUTION	4,899	4,862	5,202	4,898	249	4,916
Calendar Year Imports	0	74	0	155	0	155
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	1,697	0	1,620	0	1,520
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Brazil					
Commodity	**Oilseed, Soybean**				(1000 HA)(1000 MT)	
	Revised 2000		Preliminary 2001		Forecast 2002	
	Old	New	Old	New	Old	New
Market Year Begin	02/2001		02/2002		02/2003	
Area Planted	13,975	13,975	15,650	15,650	0	16,000
Area Harvested	13,970	13,970	15,650	15,650	0	15,950
Beginning Stocks	600	600	510	243	700	553
Production	38,800	38,800	42,500	42,500	0	42,000
MY Imports	900	855	900	850	0	900
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	40,300	40,255	43,910	43,593	700	43,453
MY Exports	15,600	15,522	17,835	17,600	0	17,500
MY Exp. to the EC	8,000	9,511	8,500	10,000	0	10,000
Crush Dom. Consumption	22,500	22,800	23,635	23,700	0	23,600
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	1,690	1,690	1,740	1,740	0	1,760
TOTAL Dom. Consumption	24,190	24,490	25,375	25,440	0	25,360
Ending Stocks	510	243	700	553	700	593
TOTAL DISTRIBUTION	40,300	40,255	43,910	43,593	700	43,453
Calendar Year Imports	750	850	0	850	0	900
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	9,200	15,675	0	17,500	0	17,500
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Brazil					
Commodity	**Meal, Soybean**			(1000 MT) (PERCENT)		
	Revised 2000		Preliminary 2001		Forecast 2002	
	Old	New	Old	New	Old	New
Market Year Begin	02/2001		02/2002		02/2003	
Crush	22,500	22,800	23,635	23,700	0	23,600
Extr. Rate, 999.9999	0.787867	0.780702	0.788026	0.787975	ERR	0.788136
Beginning Stocks	410	410	392	135	400	185
Production	17,727	17,800	18,625	18,675	0	18,600
MY Imports	180	200	100	100	0	100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	18,317	18,410	19,117	18,910	400	18,885
MY Exports	10,450	10,800	11,017	11,025	0	10,750
MY Exp. to the EC	7,900	9,500	7,800	9,500	0	9,500
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	7,475	7,475	7,700	7,700	0	7,900
TOTAL Dom. Consumption	7,475	7,475	7,700	7,700	0	7,900
Ending Stocks	392	135	400	185	0	235
TOTAL DISTRIBUTION	18,317	18,410	19,117	18,910	0	18,885
Calendar Year Imports	0	219	0	100	0	100
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	11,289	0	11,000	0	10,750
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Brazil					
Commodity	**Oil, Soybean**			(1000 MT) (PERCENT)		
	Revised 2000		Preliminary 2001		Forecast 2002	
	Old	New	Old	New	Old	New
Market Year Begin	02/2001		02/2002		02/2003	
Crush	22,500	22,800	23,635	23,700	0	23,600
Extr. Rate, 999.9999	0.187067	0.190789	0.189042	0.190084	ERR	0.190042
Beginning Stocks	210	210	244	81	249	111
Production	4,209	4,350	4,468	4,505	0	4,485
MY Imports	250	87	300	150	0	150
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	4,669	4,647	5,012	4,736	249	4,746
MY Exports	1,450	1,616	1,568	1,600	0	1,500
MY Exp. to the EC	25	14	0	25	0	25
Industrial Dom. Consum	210	210	220	220	0	225
Food Use Dom. Consump.	2,765	2,740	2,975	2,805	0	2,875
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	2,975	2,950	3,195	3,025	0	3,100
Ending Stocks	244	81	249	111	0	146
TOTAL DISTRIBUTION	4,669	4,647	5,012	4,736	0	4,746
Calendar Year Imports	0	73	0	150	0	150
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	1,647	0	1,600	0	1,500
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Brazil					
Commodity	**Oilseed, Cottonseed**			(1000 HA) (1000 MT) (RATIO)		
	Revised 2000		Preliminary 2001		Forecast 2002	
	Old	New	Old	New	Old	New
Market Year Begin	01/2001		01/2002		01/2003	
Area Planted (COTTON)	730	853	930	765	0	800
Area Hrvsted (COTTON)	900	853	765	765	0	800
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	1,526	1,475	1,270	1,125	0	1,175
MY Imports	0	5	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1,526	1,480	1,270	1,125	0	1,175
MY Exports	0	8	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1,350	1,315	1,125	980	0	1,025
Food Use Dom. Cons.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cm.	176	157	145	145	0	150
TOTAL Dom. Consump.	1,526	1,472	1,270	1,125	0	1,175
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1,526	1,480	1,270	1,125	0	1,175
Calendar Year Imports	0	5	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	8	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Brazil					
Commodity	**Meal, Cottonseed**			(1000 MT) (PERCENT)		
	Revised 2000		Preliminary 2001		Forecast 2002	
	Old	New	Old	New	Old	New
Market Year Begin	01/2001		01/2002		01/2003	
Crush	1,350	1,315	1,125	980	0	1,025
Extr. Rate, 999.9999	0.544444	0.543726	0.533333	0.545918	ERR	0.541463
Beginning Stocks	5	5	5	5	5	5
Production	735	715	600	535	0	555
MY Imports	5	24	5	5	0	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	745	744	610	545	5	565
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	740	739	605	540	0	560
TOTAL Dom. Consump.	740	739	605	540	0	560
Ending Stocks	5	5	5	5	0	5
TOTAL DISTRIBUTION	745	744	610	545	0	565
Calendar Year Imports	0	24	0	5	0	5
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Brazil					
Commodity	**Oil, Cottonseed**			(1000 MT) (PERCENT)		
	Revised 2000		Preliminary 2001		Forecast 2002	
	Old	New	Old	New	Old	New
Market Year Begin	01/2001		01/2002		01/2003	
Crush	1,350	1,315	1,125	980	0	1,025
Extr. Rate, 999.9999	0.162963	0.162738	0.16	0.160204	ERR	0.160976
Beginning Stocks	0	0	0	0	0	0
Production	220	214	180	157	0	165
MY Imports	10	1	10	5	0	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	230	215	190	162	0	170
MY Exports	35	50	28	20	0	20
MY Exp. to the EC	1	0	1	0	0	0
Industrial Dom. Consum	57	47	47	47	0	45
Food Use Dom. Cons.	138	118	115	95	0	105
Feed Waste Dom. Cons.	0	0	0	0	0	0
TOTAL Dom. Consump.	195	165	162	142	0	150
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	230	215	190	162	0	170
Calendar Year Imports	0	1	0	5	0	5
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	50	0	20	0	20
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

B. TRADE MATRICES

Import Trade Matrix			
Country	Brazil		
Commodity	**Oilseed, Soybean - Imports**		
Time period	Jan-Dec	Units:	1000 MT
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Paraguay	807	Paraguay	850
Total for Others	807		850
Others not Listed	0		0
Grand Total	807		850
Source: SECEX			

Export Trade Matrix			
Country	Brazil		
Commodity	**Oilseed, Soybean - Exports**		
Time period	Jan-Dec	Units:	1000 MT
Exports for:	2000		2001
U.S.	2	U.S.	0
Others		Others	
Netherlands	3,449	Netherlands	3,319
China	1,784	China	3,192
Spain	1,182	Germany	1,574
Germany	1,053	Spain	1,368
Norway	535	Portugal	878
Japan	530	Belgium	795
Italy	441	Japan	768
United Kingdom	382	Italy	728
Iran	319	United Kingdom	511
Belgium	313	France	459
Total for Others	9,988		13,592
Others not Listed	1,528		2,083
Grand Total	11,518		15,675

Source: SECEX

Import Trade Matrix			
Country	Brazil		
Commodity	**Meal, Soybean - Imports**		
Time period	Jan-Dec	Units:	1000 MT
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Paraguay	99	Paraguay	219
Total for Others	99		219
Others not Listed	0		0
Grand Total	99		219
Source: SECEX			

Export Trade Matrix			
Country	Brazil		
Commodity	**Meal, Soybean - Exports**		
Time period	Jan-Dec	Units:	1000 MT
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Netherlands	2,383	Netherlands	3,153
France	2,350	France	2,717
Belgium	502	Germany	840
Spain	478	Italy	678
Germany	477	South Korea	596
United Kingdom	460	Belgium	591
Thailand	335	United Kingdom	576
Italy	297	Spain	337
Denmark	247	Thailand	268
South Korea	247	Saudi Arabia	254
Total for Others	7,776		10,010
Others not Listed	1,587		1,279
Grand Total	9,363		11,289

Source: SECEX

Import Trade Matrix			
Country	Brazil		
Commodity	**Oil, Soybean - Imports**		
Time period	Jan-Dec	Units:	1000 MT
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Argentina	89	Argentina	57
Paraguay	17	Paraguay	16
Total for Others	106		73
Others not Listed	0		0
Grand Total	106		73
Source: SECEX			

Export Trade Matrix			
Country	Brazil		
Commodity	**Oil, Soybean - Exports**		
Time period	Jan-Dec	Units:	1000 MT
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Iran	320	Iran	405
India	189	India	401
Bangladesh	79	Bangladesh	161
Egypt	65	Morocco	117
Malaysia	63	Hong Kong	114
China	63	Egypt	104
Hong Kong	59	Malaysia	44
Morocco	58	Cuba	42
Pakistan	30	Senegal	33
Tunisia	26	Haiti	24
Total for Others	952		1,445
Others not Listed	121		202
Grand Total	1,073		1,647
Source: SECEX			

Import Trade Matrix			
Country	Brazil		
Commodity	**Oilseed, Cottonseed - Imports**		
Time period	Jan-Dec	Units:	1000 MT
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
		Paraguay	5
Total for Others	0		5
Others not Listed	0		0
Grand Total	0		5
Source: SECEX			

Export Trade Matrix			
Country	Brazil		
Commodity	**Oilseed, Cottonseed - Exports**		
Time period	Jan-Dec	Units:	1000 MT
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
		South Africa	7
		Japan	1
Total for Others	0		8
Others not Listed	0		0
Grand Total	0		8
Source: SECEX			

Import Trade Matrix			
Country	Brazil		
Commodity	**Meal, Cottonseed - Imports**		
Time period	Jan-Dec	Units:	1000 MT
Imports for:	2000		2001
U.S.	0	U.S.	
Others		Others	
Argentina	11	Argentina	18
Paraguay	8	Paraguay	6
Total for Others	19		24
Others not Listed	0		0
Grand Total	19		24
Source: SECEX			

Import Trade Matrix			
Country	Brazil		
Commodity	**Oil, Cottonseed - Imports**		
Time period	Jan-Dec	Units:	1000 MT
Imports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Paraguay	1	Paraguay	1
Total for Others	1		1
Others not Listed	0		0
Grand Total	1		1
Source: SECEX			

Export Trade Matrix			
Country	Brazil		
Commodity	**Oil, Cottonseed - Exports**		
Time period	Jan-Dec	Units:	1000 MT
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
India	29	South Africa	30
		Egypt	14
		India	6
Total for Others	29		50
Others not Listed	0		0
Grand Total	29		50
Source: SECEX			

C. PRICE TABLES

Prices Table			
Country	Brazil		
Commodity	**Oilseed, Soybean**		
Prices in	US$	per uom	Metric ton
Year	2000	2001	% Change
Jan	NQ	NQ	
Feb	188.69	166.09	-11.98%
Mar	187.62	161.57	-13.88%
Apr	193.79	159.00	-17.95%
May	197.65	163.55	-17.25%
Jun	190.34	173.48	-8.86%
Jul	179.80	195.85	8.93%
Aug	180.12	197.32	9.55%
Sep	186.16	191.81	3.04%
Oct	179.13	175.28	-2.15%
Nov	NQ	NQ	
Dec	NQ	NQ	
Exchange Rate	2.35	Local currency/US $	

Export price FOB Paranagua.
Source: ABIOVE (www.abiove.com.br)

Domestic Soybean Prices (R$/60 kg Bag)

Month / Location	2000				2001			
	PR 1/	SP 2/	RS 3/	MT 4/	PR 1/	SP 2/	RS 3/	MT 4/
Jan	19.67	18.52	19.86	16.97	20.19	19.57	20.94	17.83
Feb	19.19	18.63	19.21	16.51	17.87	17.51	19.79	15.47
Mar	17.61	17.75	18.22	15.03	16.80	18.15	18.21	14.87
Apr	18.02	17.91	18.27	15.49	17.10	18.27	17.59	14.98
May	18.98	18.52	19.30	15.93	18.81	18.97	19.30	16.32
Jun	18.17	17.88	18.61	15.03	21.19	20.71	21.81	18.67
Jul	17.25	17.18	17.72	14.56	25.02	24.53	25.44	22.43
Aug	17.32	17.03	17.35	14.64	27.04	25.77	27.14	24.08
Sep	18.58	18.09	18.94	15.83	28.85	27.12	28.78	25.46
Oct	18.73	18.15	18.91	16.07	29.52	28.38	29.77	25.85
Nov	19.47	18.87	19.80	16.96	30.00	29.42	29.95	25.65
Dec	21.81	20.47	22.00	19.14	27.30	27.89	27.16	24.12

Note: 1/ Maringá, Paraná; 2/ Mogiana, São Paulo; 3/ Passo Fundo, Rio Grande do Sul;
4/ Rondonópolis, Mato Grosso.
Source: ABIOVE (www.abiove.com.br)

Prices Table			
Country	Brazil		
Commodity	**Meal, Soybean**		
Prices in	US$	per uom	Metric ton
Year	2000	2001	% Change
Jan	172.76	201.24	16.49%
Feb	177.72	181.26	1.99%
Mar	173.28	167.90	-3.10%
Apr	173.28	159.86	-7.74%
May	181.91	169.73	-6.70%
Jun	177.80	184.37	3.70%
Jul	175.71	185.35	5.49%
Aug	172.34	181.42	5.27%
Sep	186.07	188.60	1.36%
Oct	188.30	186.94	-0.72%
Nov	194.75	187.96	-3.49%

Dec	211.12	175.05	-17.09%
Exchange Rate	2.35	Local currency/US $	
Export price FOB Paranagua. Source: ABIOVE (www.abiove.com.br)			

Prices Table			
Country	Brazil		
Commodity	**Oil, Soybean**		
Prices in	US$	per uom	Metric ton
Year	2000	2001	% Change
Jan	376.55	271.61	-27.87%
Feb	342.32	269.62	-21.24%
Mar	334.39	294.18	-12.02%
Apr	348.38	283.29	-18.68%
May	310.74	271.52	-12.62%
Jun	295.20	284.35	-3.68%
Jul	301.92	352.52	16.76%
Aug	306.05	367.95	20.23%
Sep	284.83	334.88	17.57%
Oct	270.45	320.99	18.69%
Nov	293.12	349.43	19.21%
Dec	288.09	362.47	25.82%
Exchange Rate	2.35	Local currency/US $	
Export price FOB Paranagua. Source: ABIOVE (www.abiove.com.br)			

Domestic Soybean Oil Prices: Crude and Refined (Reals/Unit)				
Month	2000		2001	
	Crude 1/	Refined 2/	Crude 1/	Refined 2/
Jan	788.75	23.45	592.50	21.70
Feb	746.25	22.85	597.00	21.40
Mar	673.00	21.92	687.50	21.15
Apr	696.25	21.45	696.25	21.20
May	647.50	21.50	699.00	21.80
Jun	594.00	21.44	771.25	22.20
Jul	625.00	21.05	955.00	23.20

Aug	622.50	20.80	1,070.00	28.00
Sep	612.00	20.50	1,006.00	30.00
Oct	581.00	19.72	1,005.00	30.20
Nov	616.00	19.84	1,039.00	30.00
Dec	657.50	20.20	1,013.75	29.40

1/ SP-R$/MT-w/ICMS 12%. 2/ Retail-SP-R$/20 unit case, 900 ml cans.
Source: ABIOVE (www.abiove.com.br)

D. TARIFF TABLE

MERCOSUL Common External Tariff			
Tariff	Code	Description	%
1201	Soybeans		
	.00.10	Seed for planting	0
	.00.90	Other	9.5
1207	Cotton		
	.20.10	Seed for planting	0
	.20.90	Cottonseed	9.5
1507	Soybean oil, not chemically modified		
	.10.00	Crude	11.5
	.90	Other	
	.90.10	Refined	13.5
	.90.90	Other	11.5
1512	Cottonseed oil		
	.21.00	Crude	11.5
	.29	Other	
	.29.10	Refined	11.5
	.29.90	Other	11.5
1208	Oilseed flour		
	.10.00	Soybean	11.5
	.90.00	Other	11.5
2304	Meals resulted from extraction of soybean oil		
	.00.10	Meals & pellets	7.5
	.00.90	Other	7.5
2306	Meals resulted from extraction of vegetable oils		
	.10.00	Cottonseed meal	7.5

Source: Brazilian Government - Aduaneiras Tarifa Externa Comun (TEC)

E. EXCHANGE RATE TABLE

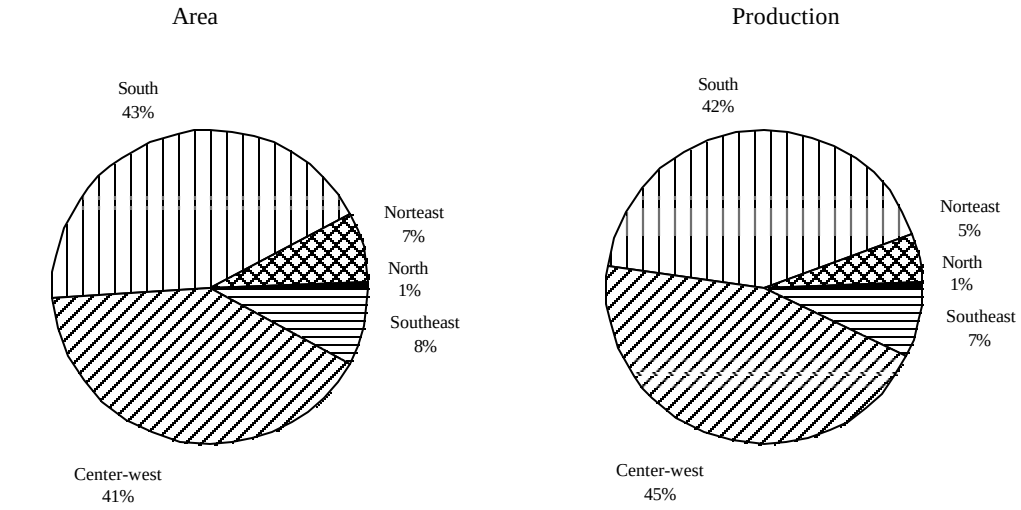
Exchange Rate: R$/US$			
Month/Year	2000	2001	Chng
Jan	1.803	1.954	8%
Feb	1.775	2.001	13%
Mar	1.741	2.088	20%
Apr	1.767	2.192	24%
May	1.827	2.296	26%
Jun	1.808	2.375	31%
Jul	1.796	2.469	37%
Aug	1.808	2.510	39%
Sep	1.838	2.671	45%
Oct	1.879	2.739	46%
Nov	1.947	2.542	31%
Dec	1.963	2.362	20%
Ave	1.829	2.350	28%
Monthly average buy . Source: CONAB (www.conab.gov.br)			

III. NARRATIVE ON SUPPLY, DEMAND, POLICY & MARKETING

A. TOTAL OILSEEDS

Production

Brazilian 2000/01 Soybean Area & Production by Region (% of Total)



Source: MINAG, CONAB

Area

New crop soybean (crop year 2001/02, MY 2002/03 (Feb-Jan)) area expanded notably from last season due to favorable local prices relative to corn and cotton. In that, area shifted from production of those commodities to soybeans, further supplemented with the opening of pasture and new lands. Industry estimates for new crop planted area are generally in line with the Ministry of Agriculture (CONAB) February 2002 estimate of 15.645 million hectares (MHa). The area increase occurred across Brazil. The states of Mato Grosso, Rio Grande do Sul and Paraná, combined, account for nearly 65 percent of total soybean area.

The outlook for soybeans is for continued expansion though the opening of pasture and new lands. In Mato Grosso, which accounts for over 22 percent of Brazilian soy area and covers an expanse approximately the size of Texas and Oklahoma, projections are for an 8-10 percent annual increase for the next few years, supposing Chicago soybean

prices are above US$4.00 per bushel. Reports indicate the additional opening of Paraná pasture ground is also likely, as is continued development of "new lands" throughout the central Cerrado region and in the Brazilian northern hemisphere state of Roraima. Mitigating factors will continue to include international and domestic prices for soybeans and alternative crops, such as corn and cotton, input prices, much of which is imported, and the opportunity costs for private sector funds.

Out year cotton area is expected to recover slightly. An additional factor against cotton expansion is that "traditional" farmers in Goiás and other areas have reportedly stepped back a bit from their previous intensity in cotton production to implement a rotational production system to replenish their soil. Thus a rapid recovery in cotton area is not presently anticipated.

Official Brazilian Soybean Area, Yield & Production Estimates
(Crop Year, 000 Ha, MT/Ha, 000 MT)

State / Crop Year	Area		Production		Yield	
	00/01	01/02	00/01	01/02	00/01	01/02
North	73	82	184	214	2.526	2.596
Roraima	25	29	76	90	3.060	3.150
Pará	1	3	2	6	2.143	2.333
Tocantins	47	51	106	118	2.249	2.299
Northeast	940	1,093	2,019	2,622	2.147	2.400
Maranhão	188	210	426	504	2.270	2.400
Piauí	62	82	143	198	2.300	2.400
Bahia	691	800	1,450	1,920	2.100	2.400
South	5,914	6,669	15,730	15,921	2.660	2.387
Paraná	2,765	3,207	8,294	9,461	3.000	2.950
Santa Catarina	195	241	522	614	2.680	2.545
Rio Grande do Sul	2,955	3,221	6,914	5,846	2.340	1.815
Southeast	1,156	1,262	2,780	3,298	2.406	2.615
Minas Gerais	642	719	1,444	1,834	2.250	2.550
São Paulo	514	543	1,336	1,465	2.600	2.700
Center-West	5,602	6,548	16,505	19,484	2.946	2.976
Mato Grosso	2,968	3,487	9,201	10,916	3.100	3.130
Mato Grosso do Sul	1,064	1,182	3,087	3,308	2.900	2.800
Goiás	1,534	1,841	4,143	5,156	2.700	2.800
Federal District	35	37	74	104	2.100	2.791
Total	13,685	15,654	37,218	41,540	2.720	2.654

Source: CONAB, Feb. 2002 (www.conab.gov.br)

Yields

Favorable domestic soybean contract prices, bolstered by further devaluation of the Real, through much of the new crop planning (pre-planting) season (first semester 2001), and adequate financing from a variety of sources, encouraged producers to maintain their effective use of up-to-date technology. Brazilian industry information indicates total fertilizer sales for 2001, through August, were up nearly 4 percent from the same period a year ago, and, through 2000, lime sales were rising. Thus, excellent new crop yields are anticipated despite difficult weather factors in some areas, such as dry weather in Rio Grande do Sul mid-December through mid-January and wet February (ongoing) weather in Mato Grosso. As such, the present outlook is for an outstanding Brazilian soybean harvest in 2002, which is well underway. Present industry estimates tend to range 42-44 MMT, with CONAB at 41.5 MMT.

The wet weather in the state of Mato Grosso, which accounts for 40 percent of Brazilian cotton area, has notably dampened cotton yield expectations. Reports indicate fertilizer, herbicides and pesticides have been washed away and, combined with the limited sunshine, cotton plant development has suffered.

Yield prospects for out year soybeans and cotton will be determined largely by the use of technology and weather factors. Given the proven professional level of Brazilian producers and their current favorable financial situation, they should be expected to continue aggressively maintaining their use of production technology and closely managing their operations. Further significant increases in yields, however, remain to be seen. To date, Brazilian farmers have effectively adapted and developed production technology to meet the demanding conditions they confront. Active efforts in that regard continue and should not be overlooked.

Fertilizer Supply and Sales (TMT)

Item	2000	2001*	Chng +
Production	7,888	4,767	(4.0)
Imports	10,276	5,725	6.7
Sales	16,392	9,335	3.7

*: Jan-Aug
+: Jan-Aug 2001/Jan-Aug 2000
Source: National Fertilizer Assn (ANDA) (www.anda.org.br)

Total Fertilizer Sales & Relative Value (Troca)

Year	Qty 1/	Soybeans 2/	Corn 2/	Sugar Cane 3/
1997	13,834	14.3	33.6	15.3
1998	14,669	16.9	26.8	14.4
1999	13,689	20.7	31.2	22.8
2000	16,392	18.9	27.7	18.9
2001 (Jan-Aug)	9,335	20.3	43.2	16.6

1/ All commodities (TMT)
2/ 60 kg bags of commodity needed to buy 1 metric ton of fertilizer.
3/ Metric tons of cane needed to buy 1 metric ton of fertilizer.
Source: National Fertilizer Assn (ANDA) (www.anda.org.br)

Lime Production & Consumption (TMT)

Year	Production	Consumption
1994	20,457	20,435
1995	12,245	12,262
1996	14,763	15,617
1997	17,432	17,059
1998	16,237	16,096
1999	15,768	15,304
2000	19,305	19,812

Source: ABRACAL

Lime Consumption by State (TMT)

State / Year	1999	2000
São Paulo	3,205	3,323
Minas Gerais	2,177	2,987
Paraná	2,166	2,285
Goiás	1,990	2,550
Rio Grande do Sul	1,871	2,004
Mato Grosso	1,351	3,100
Mato Grosso do Sul	599	814
Bahia	524	748
Others	1,151	2,002
Total	15,034	19,812

Source: ABRACAL
Note: All crops.

Financing

Producers are reported to be in generally good financial condition, coming off of several years of expanding production and favorable local prices. The GOB official debt rollover in July 2001 – R$20 billion, 20 year repayment, 3 percent/year interest – while not specifically aimed at the soybean sector, lessened an old burden on the agricultural

financial system. An increase in total government payment limits, to R$200,000 (~US$85,100) per farmer, also enhanced availability of credit at official interest rates (8.75 percent/year). Concurrently, support from the private sector in the form of direct credit and "swap" – inputs for soybeans – further enabled producers to open new land and expand planting while maintaining their level of technology application on their "old" land.

The impact of the various financing sources varies by region. Southern producers, for instance, are smaller and the GOB credit covers much of their production costs. Concurrently, the options for investment beyond their established crop area are limited. Producers in the new lands in the Center-West and the northern areas, on the other hand, are much larger and are able to invest easily in opening crop land. To do so, they confront additional equipment and other production input requirements, in addition to the cost of buying and clearing the land. With international interest rates at present levels, traders and others reportedly find the opportunity cost of investing in Brazilian soybean production in their favor. As such, local information indicates 90 percent of agricultural chemicals are sold in crop terms (swap); traders cover about 50 percent of soybean crop financing; commercial banks, using the GOB required cash deposit focused to agriculture with GOB backing, can cover up to 60 percent of soybean producers' needs; and, input dealers cover up to about 25 percent. So there appears to be plenty of potential credit available.

Trade sources further report that favorable futures prices in the first half of 2001 and the devaluation of the Real, vis-á-vis the U.S. dollar, led to forward selling of up to 40 percent of the new crop by early July 2001, which was ahead of the normal sales pace. This further facilitated financing of land opening, inputs and planting costs.

For cotton, it is reported that input suppliers, through favorable repayment terms, have increasingly been joined by cotton processors, in assisting larger farmers to finance their production. Present relatively weak market conditions for cotton are expected ameliorate somewhat and encourage some recovery of cotton area next season. Significant expansion of cotton area is not presently anticipated.

Production costs vary by region due to many factors, including land values, input and marketing costs. Paraná is viewed as the optimal production area with good soils and convenient access to local markets and port facilities. The following tables provide an indication of soybean and cotton production costs in that state. As noted, local production costs in U.S. dollar terms have come down since last crop. The "swap" table – third table down – gives a real value indication that major inputs costs locally have been declining since 1999. (For an idea of cost variation across states see report BR-1014, pg. 24.)

Soybeans: Estimated Production Costs -- Paraná (US$/Ha)

Item / Crop Year	2000/2001		2001/2002	
	Conventional	Direct	Conventional	Direct
Implement costs	65.58	50.28	48.46	37.00
Labor (temp)	18.52	2.75	14.58	2.16
Seed	23.85	22.52	27.81	26.26
Fertilizer	48.49	48.49	37.90	37.90
Agro-chemicals	46.57	60.16	35.48	45.32
General costs	4.25	3.76	3.43	3.03

Transport (Off-farm)	14.03	15.95	9.63	10.94
Receiving, bagging, cleaning	7.08	8.04	4.94	5.62
Technical Assistance	4.34	3.83	3.50	3.09
PROAGRO (crop ins.)	8.68	5.83	6.95	4.65
Financing costs	11.79	10.18	9.68	8.38
Variable Costs	253.17	231.78	202.37	184.37
Depreciation and land improvements	56.98	51.82	42.57	38.74
Capital repayment	32.30	28.68	23.78	21.05
Insurance, duties & taxes	3.46	3.16	2.55	2.33
Labor (fixed)	24.70	18.99	19.62	15.05
Land repayment	24.85	24.85	21.62	21.62
Fixed Costs	142.29	127.50	110.14	98.78
Total Costs	395.46	359.28	312.51	283.15
Est. Yield (MT/Ha)	2.64	3.00	2.64	3.00
Exchange rate (R$/US$)	1.85		2.65	
Source: Paraná State Dept. of Agriculture (SEAB/DERAL), 2001 Sept. 01. (www.pr.gov.br/seab)				

Cotton: Estimated Production Costs - Paraná (US$/Ha)

Item / Crop Year	2000/01	2001/02
Implement costs	113.26	85.10
Labor (temp)	238.33	169.92
Seed	35.38	22.64
Fertilizer	74.33	57.21
Agro-chemicals	113.43	89.73
General costs	11.49	8.49
Transport (Off-farm)	13.78	11.32
Receiving, bagging, cleaning	0.00	0.00
Technical Assistance	11.72	8.66
PROAGRO (crop ins.)	37.32	27.82
Financing costs	27.99	20.86
VARIABLE COSTS	677.04	501.76
Depreciation and land improvements	78.08	60.03
Capital repayment	37.92	28.34
Insurance, duties & taxes	4.43	3.25
Labor (fixed)	69.06	52.46
Land repayment	112.84	83.63

FIXED COSTS	302.32	227.71
TOTAL COSTS	979.36	729.47
Exchange rate (R$/US$)	1.85	2.65
Source: Paraná State Dept. of Agriculture (SEAB/DERAL), 2001 Sept. 01. (www.pr.gov.br/seab)		

Relative Swap Value of Soybeans for Inputs
(60 kg bags per unit 1/)

Year	Fertilizer	Harvester	Tractor
1992	24.6	6,764	3,039
1993	19.9	6,367	2,538
1994	20.1	6,487	2,328
1995	23.3	7,698	2,737
1996	20.9	5,091	1,901
1997	18.5	5,044	1,745
1988	22.7	6,427	2,078
1999	26.9	7,355	2,163
2000	25.4	7,059	1,960
2001*	23.6	6,727	1,802

1/ Amount of soybeans need to acquire one metric ton of fertilizer, one harvester (120 Hp) or one tractor (75Hp/2X4).
"*" estimate
Source: Paraná State Dept. of Agriculture (SEAB/DERAL), 2001 Sept 01, (www.pr,gov.br/seab)

Consumption

The projected MY 2002/03 (2001) oilseed crush, at 24.7 MMT, incorporates a 4 percent increase in soybean processing, which more than offsets an anticipated 25 percent decline in the cottonseed crush. Soybeans account for 96 percent of the total. Higher soybean production and expanded soybean meal demand are factors resulting in the increase. The MY 2002 cottonseed crush, projected at 980 TMT, is down from last year due to the expected smaller cotton harvest. The current exemption of export soybeans from the domestic interstate movement tax (ICMS) continues to place oilseed exports in a very favorable position, vis-á-vis processing for export products (see Total Oilseeds, Policy). Recent changes in the Argentine export tax regime, according to local reports, may further press Brazil to export more of its crop as beans. Concurrently, the import policies of several major importers favoring oilseed imports over products further hampers Brazilian crush prospects. Nevertheless, the domestic crush continues driven by meal demand, with oil the residual. Demand for vegetable protein meals due to BSE (Mad Cow Disease) concern and market preference for “non-transgenic” product in Europe support the Brazilian crush. Concurrently, increased sales of poultry and pork products, on the domestic and export markets, lend further support for the sector.

Trade reports indicate farmer selling of soybeans was active early in the new crop planning cycle but slowed as the U.S. 2001 harvest started and prices softened. With a generally favorable financial situation, farmers appear to be waiting for strengthening of market prices. Crushers report little near by concern for supply due to swap arrangements.

The forecast for MY 2003 (2002) total oilseed crush is for a slight decrease due to the smaller forecast soybean crop

and expectations for meal demand for domestic use and export to be adequately met by that level.

The 2001 (2000) crush estimate has been revised based on updated industry information. Post uses information of the Brazilian Oilseed Crushers' Association (ABIOVE) as the benchmark for the soybean processing industry.

While soybean production expands west and north, over 50 percent of domestic crush capacity continues located in the South region, which produces 38 percent of the soybean crop. The CW region, with 47 percent of the crop, has 25 percent of the crush capacity. The industry shift to the new production areas is taking place slowly, more in the form of reactivating and updating capacity in the CW and closing other plants in the South, rather than undertaking new construction. One company is in the process of relocating a facility from Paraná to the Amazon River port of Itacoatiara, which should begin operations this year.

Installed Soybean Crush Capacity by State: 2001

State	Capacity MT/Day	% of Total
Paraná	31,500	29.2
Rio Grande do Sul	19,000	17.6
São Paulo	14,700	13.6
Mato Grosso	10,820	10.0
Goiás	8,660	8.0
Mato Grosso do Sul	7,330	6.8
Minas Gerais	5,750	5.3
Bahia	5,200	4.8
Santa Catarina	4,130	3.8
Pernambuco	400	0.4
Piauí	260	0.2
Ceará	200	0.2
Federal District	0	0.0
Total	107,950	100.0

Source: ABIOVE (www.abiove.com.br)

Trade

With the anticipated 8 percent increase in oilseed production for the 2002 harvest, exports are expected to increase by 13 percent, while imports remain relatively stable. Soybeans account for nearly all Brazilian oilseed trade. The value of the Real, vis-á-vis the U.S. dollar, and the advantage given to soybeans for export by continuation of the exemption from the interstate movement tax (ICMS) (See Lei Kandir below) are factors supporting the active export of Brazilian soybeans. A recent change in the Argentine export tax regime, which reportedly gives relative tax advantages to the

export of soy product over the oilseed, may leave Brazil at a competitive disadvantage in the international products markets and, thus, having to export more of its own crop as oilseed rather than product.

With a forecast for a somewhat smaller soybean crop for the out year (MY 2003/04), exports are anticipated to fall off slightly. The past year export figures have been revised based on GOB export data (SECEX).

Oilseed imports, predominantly soybeans, are forecast to remain steady in MY 2002/03 (2001), with perhaps a minor change in the out year. Data for last year has been adjusted based on GOB import data. Paraguay is the traditional primary origin. The ICMS situation in Brazil and operational considerations leaves some local crushers in the position of importing Paraguayan soybeans, on which ICMS is not charged, to maintain operations in southern plants rather than bringing domestic beans in from other states. Much of the resulting product then moves on to export.

Brazil is also a major export avenue for Paraguayan soybeans moving to export via the Paraguayan export terminal at the port of Paranagua. Upgraded rail service from southwest Paraná state to Paranagua, in addition to the traditional truck activity, will further facilitate these movements. Concurrently, barge movements from the Paraguayan bank of the reservoir north of the Itaipu Dam, up the Paraná and Tietê Rivers to a point just west of São Paulo city, offers the port of Santos as an alternative loading point.

While Paranagua continues the dominant export point, Santos and more northern ports are gaining share as production in the new lands expands and traders opt for ports closer to origination points. The ability to control intermingling of incoming shipments from the interior lends yet more support for the smaller ports. However, with recent investments in rail service, port facilities and handling capacity at Paranagua and Santos, those export points are expected to continue to dominate the export picture for the foreseeable future.

Going north to south, the line up of major Brazilian soybean export points are: Itacoatiara (Amazonas), São Luis (Maranhão), Ilheus (Bahia), Vitoria (Espírito Santo), Santos (São Paulo), Paranagua (Paraná), São Francisco (Santa Catarina) and Rio Grande (Rio Grande do Sul). The ports of Caceres (Mato Grosso) and Corumba (Mato Grosso do Sul) are located on the Paraguay river, which then ship south to Atlantic export points in Argentina. As indicated in the following table, 53 percent of Brazil's soybean exports depart from ports south of Santos.

Exports by Port, Soybeans: 2000/01 (Feb/Jan)				
Port	TMT	% Total		
		00/01	99/00	98/99
Paranagua	4,622	39	41	40
Santos	3,091	26	26	20
Rio Grande	1,402	12	9	18
Itacoatiara	905	8	8	6
São Luis	560	5	5	4
Vitoria	679	6	4	5
São Francisco	231	2	4	0
Caceres/Corumba	170	1	1	1
Ilheus	109	1	1	5
Others	10	0	0	0
Total	11,779			
Source: SECEX/Safras & Mercados				

Local exporters view the Chinese transgenic situation a major concern. In 2000/01, China was Brazil's second largest market, taking over 15 percent of Brazil's export soybeans. China has also been the major destination for soybeans shipped from ports south of Santos. While the Chinese government indicated concern about the importation of transgenics, Chinese importers took a large portion of their shipments from ports where commingling of transgenic and non-transgenic soybeans is reported to occur.

Stocks

The Brazilian government does not hold oilseed stocks. While on-farm storage exists, cooperatives and private sector crushers and exporters maintain the bulk of the available supply. Storage/origination capacity in the new production areas is increasing. Trade comments indicate the carry out of old crop soybeans fell to minimal levels due to exports. Early season new crop beans soybean began entering the crushing system in January. Post reduced the 2001/02 soybean ending stock figure to reflect the situation. Stock levels are anticipated to increase in the current year. No notable change in stocks is anticipated for the out year.

In reviewing domestic soybean stock figures in Brazil, it should be noted that domestic processors and cooperatives carry soybeans as "stocks" until the commodity is priced. The physical soybeans, however, may have already gone to processing or export.

Policy

Minimum Prices

The following table shows the official minimum prices. The minimum price has no real impact in the soybean sector. In the cotton sector, GOB actions are more significant.

Official Minimum Prices				
Product (Unit) / Crop Year	2000/01		2001/02	
Area	R$	US$	R$	US$
Cotton (15 kg)				
S, SE, CW & BA south	8.00	4.32	8.48	3.61
NE (except BA)	8.22	4.44	NQ	
Cottonseed (15 kg)				
S, SE, CW & BA south	1.68	0.91	1.78	0.76
NE (except BA)	1.68		NQ	
Corn (60 kg)				
S, SE, TO, BA south, MA south &, PI south	7.28	3.94	7.43	3.16
GO, MS & DF	7.07	3.82	7.21	3.07
MT, AC & RO	6.15	3.32	6.27	2.67
Soybeans (60 kg)				
S, SE, CW & RO	9.70	5.24	10.18	4.33
N (except RO) & NE	9.20	4.97	9.66	4.11

Source: Ministry of Agriculture, CONAB
Note: S=South; SE=Southeast; CW=Center-West; NE=Northeast; CS=Center-South; BA=Bahia; MT=Mato Grosso; TO=Tocantins; PA=Pará; PI=Piauí; GO=Goiás; AC=Acre; RO=Rondônia; MA=Maranhão; DF=Distrito Federal.
Exchange rate: 2000/01 - R$1.85/US$; 2001/02 - R$2.35/US$.

Import Tariffs

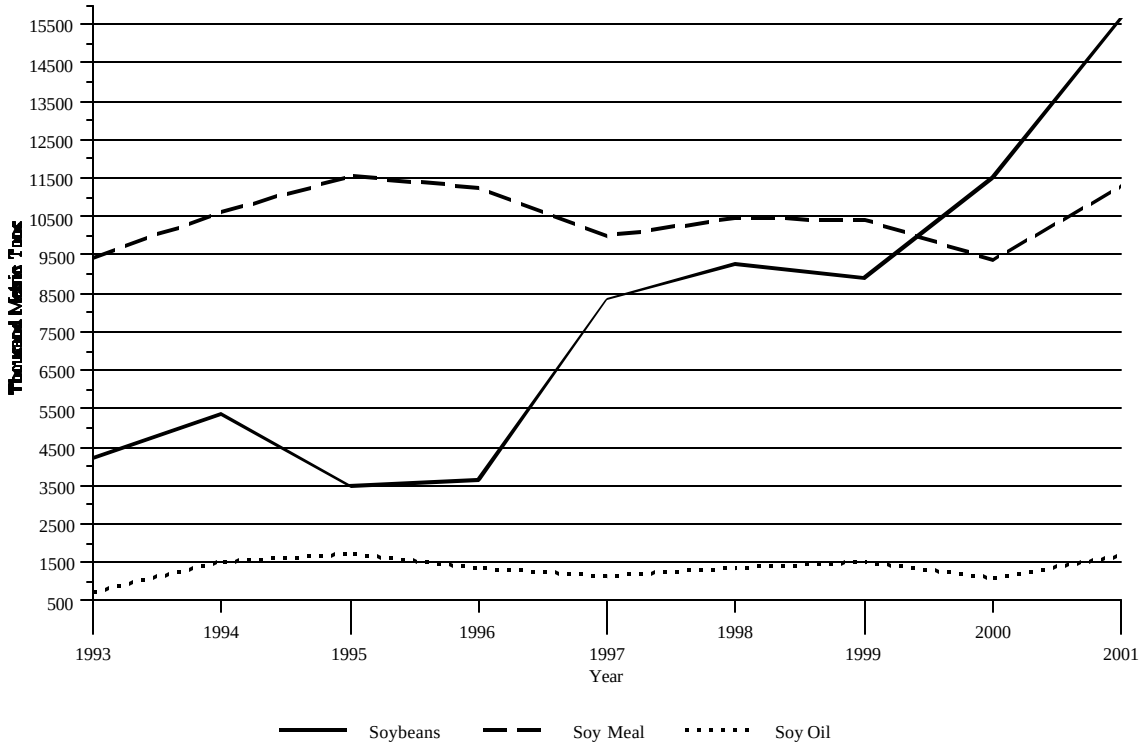
The Brazilian Government's import tariffs on oilseeds and products are contained in the MERCOSUL Common External Tariff schedule (TEC). Brazil, Argentina, Paraguay and Uruguay are members of the MERCOSUL trade pact. Bolivia and Chile are associate members. The tariff rates are noted above in the "Statistical Tables" section.

Interstate Movement Tax (ICMS) Exemption (Lei Kandir)

In September 1996, through "Lei Complementar 95-A", better known as the "Lei Kandir," the GOB exempted exports of raw materials and semi-manufactured products from the interstate movement tax (ICMS - Imposto Sobre Circulação de Mercadorias e Serviços). State governments assess and collect the ICMS on such transactions. Prior to the change, interstate movements of soybeans going to export where assessed the established 13 percent, while soybean meal and soybean oil were assessed lower rates, 11 and 8.5 percent respectively. Concurrently, ICMS paid on the interstate movements of soybeans could be used as a credit against the ICMS of products moved to export. Since implementation of the Lei Kandir, export movements of soybeans and products have been exempted, reducing the respective ICMS to "0". Domestic interstate movements of soybeans for processing are still assessed the 13 percent ICMS, as domestic interstate movements of the products are likewise assessed the established ICMS. Placing each of these on equal export footing removed the relative tax advantages for meal and oil, resulting in a dramatic rise in soybean exports as noted in the following graph. A related decline in product exports, particularly meal, can also be noted. The Lei Kandir is also a major factor in the recent expansion in Brazilian soybean area and production. While state governments and the domestic crushing sector continue to chafe under the exemption, elimination of the Lei Kandir does appear likely in the foreseeable future.

The following graph shows Brazilian export levels, highlighting the leveling off of exports of soybean products since 1996, while those of the oilseed have risen notably.

Brazilian Exports of Soybeans and Products: 1993-2001 (Jan-Dec)



The crushing sector notes the Lei Kandir as a significant additional cost for their sector as the ICMS credits they

receive for paying the tax on soybeans brought in from other states, and formerly used to offset export taxes paid on products exported, are now of little use. While there is a mechanism authorized for the companies to sell the credits, the associated bureaucracy makes the system very user unfriendly, leaving much of the credits in the hands of the crushers.

Transgenics

The commercial use of transgenic soybean seed continues illegal throughout Brazil. Resolution of the 1999 injunction against the commercialization of Monsanto's Roundup Ready Soybean (RRS), brought by NGO's (non-government organizations), namely Greenpeace and the Brazilian Consumer Defense Institute (IDEC), continues to be addressed in court. While the issue appears to be moving toward resolution, opinions among trade contacts vary as to when the matter may be concluded. There is general belief, nevertheless, that the technology will eventually be approved.

Domestic opinions on transgenics vary. Producers tend to be open minded on the issue and await the opportunity to evaluate the costs and benefits of the technology. Their main point, as is that of the trade, is what does the market want? Producers then add, "and are buyers willing to pay for it?" There continues to be talk of a premium paid by foreign buyers for non-transgenic soybeans but local producer contacts indicate farm gate prices do not reflect such a differential. Producers also note the lack of incentive for buyers to pay a premium as the Brazilian producer does not have the legal option to produce transgenic soybeans. Despite the lack of government approval, the use of transgenic planting seed in the southern most state of Rio Grande do Sul continues, with estimates of 70 percent of the area planted to transgenics. Sector talk notes the technology as having expanded further, with some indicating out into the CW and Northeast regions.

The Brazil food labeling regulation for products containing biotech ingredients is pending. This leaves the food processing sector caught in the middle. For more information on the biotech situation in Brazil, refer to report BR1623.

Marketing

Brazilian soybeans are widely regarded for the high levels of protein and oil content. Those favorable characteristics are attributed to the tropical environment with abundant sunshine, long days and good rain. Since the major devaluation in1999, and subsequent timely slide in the exchange rate, vis-á-vis the U.S. dollar, Brazilian exports have benefitted significantly in the international market.

As a "non-transgenic soybean producer," Brazilian exporters use the idea to differentiate their product. While it is widely accepted that the crop in the state of Rio Grande do Sul, the third largest producer, includes a notable quantity of transgenic soybeans, Brazil continues to present itself as a transgenic-free exporter. Information indicates that foreign buyers accept a "soft-IP" (identity preserved) from Brazilian exporters. This is reported to mean that soybeans and products exported from the port of Santos (São Paulo) north are assumed by the buyer to be transgenic free. Soybeans shipped from more northern ports tend to be from production areas in the CW, North and Northeast regions where the original contraband planting seed from Argentina was reported as unsuitable. Nevertheless, as noted above, Brazilian export data indicates that over 53 percent of the soybeans exported from Brazil are loaded at ports to the

south of Santos. Concurrently, with over 50 percent of the crushing capacity in their region, the ports south of Santos account for 66 percent of the soybean meal exports and nearly 100 percent of the soybean oil sold abroad. Further, press reports indicate transgenic soybeans are now being planted further north and sector comments indicate the planting seed is no longer all contraband from Argentina but, rather, is to a growing extent produced domestically.

Infrastructure

Transportation and port infrastructure development continues a critical factor to the growth of Brazilian agriculture. While soils in the vast Cerrado region of central Brazil tend to be very receptive to good management, they also tend to be very poor in natural fertility and nutrients. Thus, in order to produce a soybean or cotton crop, every essential input, less rain and sunshine, must be transported to the production areas. Conversely, the resulting agricultural commodities, depending on location, may need to move in excess of 1,500 miles by truck to gain access to an export point.

Freight in Brazil traditionally moved predominantly by truck on a vast system of roads that vary in quality from very good freeways to very poor mud tracks. Trucks are still the dominant mode used to move inputs from port and interior origins to production areas and, conversely, commodities out to processors and export facilities. The privatization of major roads in several states has led to improved pavement but at a high cost in road tolls, which increase truck freight costs. This has also impacted routes used as truckers often avoid toll roads. At the same time, the design of trucks and trailers used in Brazil has evolved. From the traditional single 27 metric ton straight-bed trailer, truckers are increasingly employing a double trailer arrangement that can carry close to 40 metric tons.

Investment in other modes has expanded with privatization of the railroads and increasing interest in waterways. The GOB has an impressive strategic plan for development of the transportation infrastructure but the cost of realizing the total plan is significant. Thus, priorities are set/adjusted and private sector participation sought. Example of programs in use and being discussed for the CW and Northern areas include:

> Soybean movements on the Rio Madeira waterway in MY 2001/02 are estimated to have increased more than 30 percent, to over 1.2 MMT. Using barges accommodating 2 TMT each, commodity is pushed nearly 700 miles down stream from the port of Porto Velho, Rondônia (RO), northeast to the Amazon River port of Itacoatiara, Amazonas (AM). At that point, 160 miles east of Manaus, ocean-going 50 TMT size vessels can be loaded and moved out to export markets. GOB officials indicate that soybeans from Mato Grosso (MT) can get to export for US$50-60/MT via the Rio Madeira, verus US$80-90/MT by truck to Santos, São Paulo (SP). The present capacity of the system is estimated at 1.4 MMT. Trade reports indicate additional capacity will be installed at Porto Velho to move soybeans to a facility under construction at the Amazon River port of Santarem, Pará (PA). Movements to Santarem could begin within a year.

> The Cuiabá-Santarem highway (BR-163), on paper, connects Cuiaba, the capital of Mato Grosso, with Santarem, Pará (PA), on the Amazon River. Presently, however, the road is paved from Cuiaba north only to near the Mato Grosso-Pará border, with the remaining approximately 625 miles being dirt road. Reports indicate the federal government has authorized funding that would cover the cost of constructing the 46 bridges needed but the budget falls well short of the total cost of paving the route. Improvement of that road to at least Itaituba, PA, 360 miles north of the Mato Grosso border, would give soybeans from central Mato Grosso a direct export avenue to the north. At Itaituba, the commodity could be transferred to barges and moved north via the Tapajós River to either Santarem or Itacoatiara.

> The Ferronorte railway, presently places a railhead at Alto Taquari, in southeast Mato Grosso, with connection to the port of Santos, SP, and other southeastern ports. Expansion of this line out to Porto Velho, RO, is a

future possibility. For now, however, extension as far as Rondonopolis, MT, is expected in the foreseeable future.

> Extension of the Ferrovia Norte-Sul rail line in western Maranhão (MA) south into the state of Tocantins (TO) is underway. Bridge construction at Estreito, MA, is reported complete and track work south into Tocantins is in progress. This will tie the southern most Norte-Sul railhead, via to the Ferrovia Carajás railway, to the northern port at São Luís, MA.

> The Centro-norte export avenue is a possibility employing a multi-modal system to move soybeans from parts of Goiás (GO), Tocantins (TO), Pará and Mato Grosso north on the Rio Araguaia to Xaimbioá, TO. There the load would shift to truck for movement east to a Ferrovia Norte-Sul railhead for transhipment to the port of São Luis by rail.

> The Teles Pires-Tapajós Rivers waterway could also connect the northern Mato Grosso production area to the Amazon River ports.

> The Paraguay River system connects the Mato Grosso port of Cáceres with the Argentine export points.

Southern Brazil also has a number of rail projects underway that connect more western origination points to the main ports of Paranagua, Paraná (PR), and Santos, SP

GOB information on the transportation projects can be found on the Ministry of Transportation website (www.transportes.gov.br), as well as maps (mapas) indicting the projects, ports, roads, etc.

As an indication of the freight rates and distances involved in moving commodities in Brazil, the following table is provided. Potential cost savings for truck movements from Sorriso, Mato Grosso, to the port of Paranagua is noted at R$114/MT, while the truck-rail combination via Alto Taquari appears to cost R$92/MT.

Examples of Freight Rates for Bulk Soybeans				
Truck (production area to port/rail head)				
Origin	Destination	Distance (km)	R$/MT	R$/MT/KM
Sorriso, MT	Paranagua, PR *	2,179	114.00	0.0523
Sorriso, MT	Alto Taquari, MT #	819	45.00	0.0549
Sapezal, MT	Porto Velho, RO +	925	50.00	0.0541
Sapezal, MT	Paranagua, PR *	2,280	122.70	0.0538
Balsas, MA	São Luis, MA *	1,010	50.00	0.0495
Dourados, MS	Santos, SP *	1,017	54.00	0.0531
Campo Mourão, PR	Paranagua, PR *	494	28.00	0.0567
Cascavel, PR	Paranagua, PR *	557	23.25	0.0417
Rail (production area/rail head to port)				
Cascavel, PR	Paranagua, PR *	557	22.00	0.0395
Alto Taquari, MT #	Santos, SP *	1,295	47.00	0.0363
Water (river port (Rio Madeira)) to river port (Rio Amazonas)				
Porto Velho, RO +	Itacoatiara, AM *	1,115	NQ	NQ
Source: SIFRECA (Agricultural Cargo Freight Information System), Mar. 2002 (http://sifreca.esalq.usp.br/) "*" Export point; "#" rail head; "+" river terminal; NQ = No quote				

B. TOTAL MEALS

Production

Total oilseed meal production for MY 2002 (2001) is projected at 19.2 MMT, up 4 percent from last season due to the anticipated larger soybean harvest and resulting increased crush. Soybean meal accounts for over 97 percent of total Brazilian meal production, with the remainder mainly cottonseed meal. Soybean meal production for MY 2002/03 is projected at 18.7 MMT, and MY 2001 (Jan-Dec) cottonseed meal output is placed at 535 thousand metric tons (TMT). Out year production is forecast to decline slightly due to the anticipated smaller soybean crop.

Consumption

Total meal consumption is projected to move in line with expanding domestic livestock and poultry production. For MY 2002 (2001), demand is anticipated to reach 8.2 MMT, up slightly from last season. Soybean consumption makes up nearly 93 percent of total meal use. Cottonseed meal production goes nearly 100 percent to the domestic feed sector. The forecast for 2003 (2002) is for a further increase in-line with the anticipated increase in local feed demand.

With improvement in the domestic economic situation and increased export opportunities for poultry and pork products, higher demand for feed inputs is likely. Feed sector information indicates the poultry sector as the dominant consumer of soybean meal, approximately 65 percent, while the pork sector accounts for an additional 25 percent. The cattle sector takes nearly all of the cottonseed meal.

The Brazilian Livestock Feed Association (SNIAA) data for commercial feed production for 2000-2002 (projected) and utilization of inputs for 2000-2002 (projected) are contained in the following tales.

Commercial Livestock Feed Production (TMT)

Type	2000	2001	2002 *
Poultry	20,178	21,756	23,060
Broiler	16,866	18,046	19,100
Layer	3,312	3,709	3,960
Swine	10,085	12,050	13,090
Cattle	2,469	2,982	3,290
Beef	470	478	550
Dairy	1,999	2,503	2,740
Pet Food	1,000	1,172	1,300
Horse	320	340	360
Aquaculture	127	162	195
Others	280	350	400
Total	34,458	38,812	41,695

"*" Projection
Source: SNIAA (National Livestock Feed Industry Sindicate) (www.sindiracoes.com.br)

Commercial Livestock Feed Input Demand: 2000 (TMT)							
Input / Type of Feed	Poultry		Swine	Cattle		Others	Total
	Broiler	Layer		Beef	Dairy		
Corn	11,150.0	1,990.9	6,602.3	109.7	407.0	1,093.0	21,352.9
Soybean meal	4,031.8	593.9	1,722.8	0.0	220.0	343.4	6,911.9
Meat meal	739.2	155.3	352.4	0.0	0.0	70.5	1,317.4
Wheat flour	201.6	208.1	886.1	107.0	399.0	92.6	1,894.4
Peanut meal	0.0	0.0	0.0	23.5	100.0	3.8	127.3
Rice meal	0.0	0.0	0.0	47.0	200.0	7.6	254.6
Cottonseed meal - 40%	0.0	0.0	0.0	94.0	340.0	15.2	449.2
Sorghum	144.5	64.7	201.4	18.8	80.0	25.5	534.9
Triticale	107.5	48.6	151.0	14.1	60.0	19.0	400.2
Lime	117.6	231.9	70.5	7.1	30.0	25.4	482.5
Salt	50.4	9.9	50.3	2.4	10.0	6.2	129.2
Bicalcium phosphate	125.0	0.0	16.1	3.3	11.0	8.2	163.6
Bone meal	131.0	0.0	16.1	2.4	11.0	7.9	168.4
Other	0.0	0.0	0.0	40.0	129.0	7.2	176.2
Sub-total	16,798.6	3,303.3	10,069.0	469.3	1,997.0	1,725.5	34,362.7
Premix/additives	66.6	8.4	16.1	0.5	1.8	1.9	95.3
Total	16,865.2	3,311.7	10,085.1	469.8	1,998.8	1,727.4	34,458.0
Source: SNIAA (National Livestock Feed Industry Sindicate) (www.sindiracoes.com.br)							

Commercial Livestock Feed Input Demand: 2001 (TMT)

Input / Type of Feed	Poultry		Swine	Cattle		Others	Total
	Broiler	Layer		Beef	Dairy		
Corn	11,946.4	2,223.5	7,891.8	97.2	508.6	1,280.5	23,948.0
Soybean meal	4,316.7	665.5	2,059.3	52.6	275.2	402.6	7,771.9
Meat meal	791.4	174.0	421.2	0.0	0.0	82.7	1,469.3
Wheat flour	215.8	233.2	1,059.1	95.6	500.3	108.6	2,212.6
Peanut meal	0.0	0.0	0.0	23.9	125.1	4.4	153.4
Rice meal	0.0	0.0	0.0	47.8	250.2	8.9	306.9
Cottonseed meal - 40%	0.0	0.0	0.0	81.3	425.3	17.8	524.4
Sorghum	154.7	72.5	240.7	19.1	100.3	29.9	617.2
Triticale	115.1	54.4	180.5	14.3	74.8	22.2	461.3
Lime	125.9	259.8	84.2	7.2	37.5	29.7	544.3
Salt	54.0	11.1	60.2	2.4	12.5	7.3	147.5
Bicalcium phosphate	126.4	7.4	19.3	3.3	13.5	9.6	179.5
Bone meal	140.3	0.0	19.3	2.4	12.8	9.3	184.1
Other	0.0	0.0	0.0	30.7	165.6	8.5	204.8
Sub-total	17,986.7	3,701.4	12,035.6	477.8	2,501.7	2,022.0	38,725.2
Premix/additives	60.4	7.6	14.6	0.5	1.6	1.7	86.4
Total	18,047.1	3,709.0	12,050.2	478.3	2,503.3	2,023.7	38,811.6

Source: SNIAA (National Livestock Feed Industry Sindicate) (www.sindiracoes.com.br)

Commercial Livestock Feed Input Demand: 2002 (Proj.) (TMT)							
Input / Type of Feed	Poultry		Swine	Cattle		Others	Total
	Broiler	Layer		Beef	Dairy		
Corn	12,642.9	2,373.8	8,572.7	111.8	556.7	1,426.7	25,684.6
Soybean meal	4,568.3	710.5	2,237.0	60.4	301.2	448.6	8,326.0
Meat meal	837.5	185.7	457.6	0.0	0.0	92.2	1,573.0
Wheat flour	228.4	249.0	1,150.5	109.9	547.7	121.0	2,406.5
Peanut meal	0.0	0.0	0.0	27.5	136.9	5.0	169.4
Rice meal	0.0	0.0	0.0	54.9	273.8	9.9	338.6
Cottonseed meal - 40%	0.0	0.0	0.0	93.4	465.5	19.8	578.7
Sorghum	163.7	77.5	261.5	22.0	109.8	33.3	667.8
Triticale	121.8	58.1	196.1	16.5	81.9	24.8	499.2
Lime	133.2	277.4	91.5	8.3	41.1	33.1	584.6
Salt	57.1	11.9	65.4	2.8	13.7	8.1	159.0
Bicalcium phosphate	133.8	7.9	20.9	3.8	14.8	10.7	191.9
Bone meal	148.5	0.0	20.9	2.8	14.0	10.4	196.6
Other	0.0	0.0	0.0	35.3	181.3	9.5	226.1
Sub-total	19,035.2	3,951.8	13,074.1	549.4	2,738.4	2,253.1	41,602.0
Premix/additives	65.2	8.2	15.8	0.5	1.7	1.9	93.3
Total	19,100.4	3,960.0	13,089.9	549.9	2,740.1	2,255.0	41,695.3
Source: SNIAA (National Livestock Feed Industry Sindicate) (www.sindiracoes.com.br)							

Trade

Total meal exports, 100 percent soybean meal, are projected to increase in MY 2002 (2001) as the higher domestic crush and the potential for strong demand for vegetable protein meals in the world market present sales opportunities. Concern over the use of animal-based protein ingredients in the livestock feed channel may well have a further positive impact on soybean meal demand worldwide. The forecast for the out year is for a slight reduction in meal exports due to the smaller crush. Data for MY 2001 (20009) was adjusted based on official trade statistics.

Brazilian soybean meal exports by port for MY 2000/01 are reported by the GOB as follows.

Exports by Port, Soybean Meal: 2000/01 (Feb/Jan)				
Port	TMT	% Total		
		00/01	99/00	98/99
Paranagua	4,033	41	42	43
Rio Grande	1,227	12	18	20
São Francisco	1,305	13	15	15
Santos	1,493	15	12	11
Vitoria	1,261	13	8	8
Ilheus	485	5	3	1
Others	59	1	1	2
Total	9,863			
Source: SECEX/Safras & Mercados				

Oilseed meal imports for MY 2001 are projected at 105 TMT, 95 percent soybean meal. Meal is imported from Argentina and Paraguay as price and logistical factors dictate. Imports for last season were adjusted based on official trade data.

Stocks

There are no GOB held meal stocks.

Marketing

Brazilian soybean meal enjoys a "high-protein" reputation and exports have benefitted from the relative low cost of the Real, vis-á-vis the U.S. dollar. The non-transgenic label is also used by Brazilian exporters to attempt to differentiate their product from that of other international suppliers. However, as over 50 percent of the crush capacity is located in southern Brazil and two-thirds of Brazilian soybean meal is exported from ports on the southern coast, the commingling of transgenic and non-transgenic soybeans in the crush process is possible (See Total Oilseeds, Marketing). A final factor supporting the marketing of local meal is the international concern over the use of animal-based protein sources for livestock feed.

C. TOTAL OILS

Production

Total oil output, projected for MY 2002 (2001) at 4.7 MMT, will be up over 2 percent from last season due to the

larger soybean crush, which more than offset a decline in the cottonseed crush. Soy and cottonseed oil production are expected to reach 4.5 MMT and 157 TMT, respectively. Industry contacts indicate the crush is presently being driven by meal demand. Brazil also produces relatively small quantities of corn, peanut, palm, castor, canola and sunseed oils.

The forecast for MY 2003 is for a small reduction in total oil output due to the smaller soybean crush, which will more than offset a anticipated slight increase in cottonseed crush.

Consumption

Total oil consumption for MY 2002 (2001) is projected up nearly 2 percent from last year. Utilization of soybean oil, at 3.0 MMT, accounts for over 96 percent of the projection, with cottonseed oil the remainder. The forecast for MY 2003 (2002) is for oil demand to increase in line with population growth.

Soybean oil remains the principal home cooking oil in Brazil. Cottonseed oil goes largely to industrial uses, such as margarine. Other refined oils, such as corn, sunflower seed, canola and olive are readily available in larger retail areas.

Trade

Total oil exports for MY 2002 (2001) are projected at 1.6 MMT, down slightly from last year, due to the smaller cottonseed crush. Out year exports are forecast to decline slightly due to the expected smaller soybean crush.

Exports of soybean oil by port for MY 2000/01 are reported by the GOB as below.

Exports by Port, Soybean Oil: 2000/01 (Feb/Jan)

Port	TMT	% Total		
		00/01	99/00	98/99
Paranagua	722	65	59	60
Rio Grande	252	23	29	30
São Francisco	126	11	11	9
Santos	0	0	0	0
Others	12	1	0	1
Total	1,111			

Source: SECEX/Safras & Mercados

Imports of vegetable oil originate predominantly from MERCOSUL countries. With Argentine product prices now freed from the U.S. dollar, imports from that origin may be relatively less expensive. Argentina has been the larger supplier.

Marketing

Brazilian soybean oil exports have benefitted from the relative low cost of the Real, vis-á-vis the U.S. dollar. The non-transgenic label is also used by Brazilian exporters to attempt to differentiate their product from that of other international suppliers. However, as over 50 percent of the crush capacity is located in southern Brazil and nearly 99 percent of Brazilian soybean oil is exported from ports on the southern coast, the commingling of transgenic and non-transgenic soybeans in the crush process is possible (See Total Oilseeds, Marketing).

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